

Exhibit 7

**FINANCIAL OVERSIGHT AND MANAGEMENT BOARD
FOR PUERTO RICO**



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Executive Director

BY ELECTRONIC MAIL

June 15, 2020

The Honorable Wanda Vázquez Garced
Governor of Puerto Rico

The Honorable Thomas Rivera Schatz
President of the Senate of Puerto Rico

The Honorable Carlos J. Méndez Núñez
Speaker of the House of Representatives of Puerto Rico

Dear Governor Vázquez Garced, President Rivera Schatz, Speaker Méndez Núñez:

The Oversight Board has become aware that House Bill 2434 (“HB 2434”) was recently approved by the House of Representatives. Among other things, HB 2434 proposes to consolidate all public pension systems under one new entity, reinstate and preserve retirement benefits as defined benefit plans not subject to any reduction or freeze, and dictate the terms of a plan of adjustment for the Commonwealth. As discussed with Governor Vázquez Garced today and with the Senate President and the House Speaker last Tuesday, June 9, HB 2434 is inconsistent with the Commonwealth’s Certified Fiscal Plan and multiple provisions of PROMESA, as it attempts to interfere with the exclusive powers granted to the Oversight Board to serve as the sole representative of Title III debtors and to formulate, propose, and prosecute their respective Plans of Adjustment.

Specifically, HB 2434 includes provisions that purport to eliminate all pension measures contemplated by the Commonwealth Certified Fiscal Plan. Further, HB 2434 purports to eliminate the PayGo system for accrued defined benefits under the three pension systems, terminate the Act 106-2017 defined contribution plan, and create a pension trust (“FACSiR”) that would in effect reinstate the failed defined benefit plans of the past with retirement benefits that cannot be adjusted in Title III. In practice, these provisions would also limit Government agency rightsizing measures, such as reductions to payroll or number of public servants with right to be participants in Retirement Systems. In addition, HB 2434 purports to require an alternative Plan of Adjustment to the Oversight Board’s current amended Plan of Adjustment, that must: (i) comply with HB 2434’s classification of bonds; (ii) provide no recovery for what HB 2434 defines as “Contested

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Bonds”; (iii) cap recoveries for uncontested bonds, with an aggregate maximum recovery of 58%; and (iv) leave retirement claims unimpaired. HB 2434 further amends Act 2-2017 to assign AAFAF the duty and authority to develop a Plan of Adjustment consistent with its terms.

HB 2434 also prohibits Governmental cooperation with any Plan of Adjustment that does not meet its requirements, including providing any legislative, regulatory, or electoral approval necessary. It also mandates the Government’s rejection of any Plan of Adjustment that restructures bonds in a manner inconsistent with its calculation of debt sustainability or cuts specifically enumerated essential services. Most of HB 2434’s substantive provisions, particularly those that relate to the restructuring of the retirement systems under FACSIR, the restoration of prepetition retirement benefits, and the alleged protection of these benefits from impairment under any Plan of Adjustment, are entirely inconsistent with the Certified Fiscal Plan and PROMESA.

The Oversight Board is aware of the difficult economic situation Puerto Rico’s retirees face, primarily because each of the three Commonwealth pensions systems – ERS, TRS, and JRS – were woefully underfunded by the time of the Oversight Board’s appointment (and in the case of ERS, almost completely unfunded). Accordingly, measures to address this extreme situation have been approved by the Oversight Board and are in the process of being implemented by the Government, which pays over \$2 billion annually to public employer retirees. Moreover, the Oversight Board has taken a number of actions to promote the wellbeing of Puerto Rico’s retirees, including:

- Agreeing to a pension reduction more favorable to retirees than the reduction originally proposed, as outlined in the Plan Support Agreement reached between the Oversight Board and Committee of Retired Persons on June 7, 2019 that preserves at least 91.5% of pension benefits to all participants notwithstanding that ERS was virtually asset-less in 2017;
- Agreeing to return all employee contributions made under System 2000 without reduction;
- Budgeting in FY 2020 for implementation of Social Security for police, which was not fully utilized due to implementation delays by the Commonwealth;
- Facilitating the formation of and participating in discussions with a Social Security working group, including members of the Department of Education, the Retirement Board, the Department of Treasury, and the Office of Court Administration, as well as representation from the teachers’ union, to focus on the implementation of Social Security for all Commonwealth employees with sufficient time remaining until retirement;
- Identifying Government agencies that had withheld employee contributions intended for participant Defined Contribution accounts but had failed to transfer these dollars to the Retirement System and referring these matters to Commonwealth and federal authorities to ensure that all outstanding balances are collected;
- Pressuring the Government regarding its delays in the implementation of the Defined Contribution plan and expressing concerns regarding the inadequacy of the current Defined Contribution plan default investment option as defined under Act 106-2017; and
- Monitoring the status of entity compliance with paying the PayGo fee under Act 106-2017, as well as working with delinquent agencies to enter into payment plans to resolve historic

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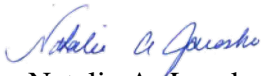
PayGo debt and continuing to discuss with AAFAF possible further remedies.

Through these and other actions, the Oversight Board has worked tirelessly to address the needs of Puerto Rico's retirees and to achieve financial well-being for all active Government employees. To continue facilitating these goals, the Oversight Board is always willing to meet with Government representatives as many times as required. However, the provisions in HB 2434 go beyond the Government's authority, intrude on the policies implemented by PROMESA and the powers of the Oversight Board, and defeat the purposes of PROMESA.

Enacting HB 2434 would violate a number of provisions of PROMESA, including Sections 104(j)(1), 104(j)(3), and 312(a). Moreover, by prohibiting Governmental cooperation with any Plan of Adjustment that does not meet the requirements of the law, HB 2434 is in direct conflict with various aspects of Section 104. Pursuant to Section 108(a)(2), the Governor and Legislature are each prohibited from implementing any statute, resolution, policy, or rule that impairs or defeats the purposes of PROMESA as determined by the Oversight Board. Accordingly, the Governor and Legislature are enjoined from passing or implementing HB 2434. Please be advised that the Oversight Board will take any and all legal actions necessary to enforce the enjoining of HB 2434, and any other resolution, legislation, or measure that would adversely affect Government compliance with the Commonwealth Certified Fiscal Plan or the purposes of PROMESA.

We look forward to continuing to work together for the benefit of the people of Puerto Rico.

Sincerely,



Natalie A. Jaresko

CC: Mr. Omar Marrero Díaz